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TO AMEMBASSY SOFIA

INFO AMEMBASSY VIENNA

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TAGS: PFOR, BU

SUBJECT: LUKANOV CALL ON UNDER SECRETARY CASEY

1. FOLLOWING IS SUMMARY OF MAIN POINTS COVERED DURING CALL
ON UNDER SECRETARY CASEY BY DEPUTY MINISTER OF FOREIGN
TRADE LUKANOV JULY 16.

2. US OBJECTIVES. UNDER SECRETARY CASEY SAID THAT PEING
THE PASSAGE OF LEGISLATION AUTHORIZING THE NEGOTIATION OF
A TRADE AGREEMENT WITH BULGARIA, WE THOUGHT IT IMPORTANT
TO PREPARE THE GROUND BY WORKING TO NORMALIZE OTHER RELA-
TIONS THROUGH, FOR EXAMPLE, CONCLUSION OF A CONSULAR
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AGREEMENT, THE SETTLEMENT OF BONDHOLDERS CLAIMS, NEGOTIA-

TIONS ON A CULTURAL AGREEMENT, FACILITATION OF EMBASSY OPERATIONS IN SOFIA THROUGH PROMPT CLEARANCE OF POUCHES, AGREEMENT ON MULTIPLE-ENTRY VISA FACILITIES FOR OFFICIAL PERSONNEL AND SO ON.

3. TRADE AGREEMENT. LUKANOV SAID HE UNDERSTOOD THE TIME IS NOT APPROPRIATE FOR NEGOTIATION OF A US-BULGARIAN TRADE AGREEMENT BUT THIS CAUSES NO PROBLEM FOR DELEGATION. SOVIET AND OTHER PRECEDENTS HAVE ESTABLISHED PATTERN IT WILL BE EASY TO DUPLICATE WHEN RIGHT MOMENT COMES, COVERING BUSINESS FACILITIES, ARBITRATION, IMPORT SAFEGUARDS, ETC.

4. CREDIT AGREEMENT. LUKANOV REFERRED TO DRAFT AGREEMENT ON CREDIT ARRANGEMENTS HANDED TO COMMERCE DEPARTMENT OFFICIALS AND SAID HE PLANS TO DISCUSS CREDIT QUESTION WITH EXPORT-IMPORT BANK PRESIDENT KEARNS JULY 17. IN RESPONSE, UNDER SECRETARY SAID THIS SHOULD BE NEGOTIATED IN CONNECTION WITH OTHER TRADE AND FINANCIAL ISSUES.

5. PURCHASE PROJECTS. LUKANOV SAID BULGARIA PROPOSES TO SPEND HUNDREDS OF MILLIONS IN NEXT FEW YEARS PURCHASING WESTERN INDUSTRIAL EQUIPMENT, ESPECIALLY IN PETRO-CHEMICAL, METALLURGICAL, AND FOOD AND TOBACCO PROCESSING FIELDS. JAPANESE AND WESTERN EUROPE EQUIPMENT OFFERS ARE SUPPORTED BY IMPROVED CREDIT CONDITIONS. IN SAN FRANCISCO, LUKANOV PARTY WILL MEET WITH KAISER RE POSSIBLE PURCHASE OF METALLURGICAL COMPLEX. BULGARIA ALSO SEEKING PARTNER INTERESTED IN COOPERATION WITH BULGARIAN ELECTRIC TRUCK (FORK-LIFE, EQUIPMENT HANDLING) INDUSTRY.

6. SCIENCE AND TECHNOLOGY AGREEMENT. LUKANOV AVOIDED REPEATING UNDER SECRETARY'S REFERENCE TO CULTURAL AGREEMENT. HE TALKED UP PROSPECTS FOR "SCIENTIFIC AND TECHNOLOGICAL COOPERATION AGREEMENT" WITH PARTICULAR EMPHASIS ON AGRICULTURAL TECHNIQUES, RESEARCH RELATING TO TOBACCO, FOOD AND VEGETABLE GROWING AND PROCESSING, CATTLE BREEDING.

7. DELEGATION OBJECTIVES. LUKANOV SAID MAIN OBJECTIVES OF DELEGATION VISIT WERE TO PERSUADE AMERICAN FIRMS TO LIMITED OFFICIAL USE

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APPRECIATE DYNAMIC BULGARIAN DEVELOPMENT AND OPPORTUNITIES FOR COOPERATION AND EQUIPMENT SALES. BULGARIA SEEKS COOPERATION SO EXTENSIVE IN SCOPE THAT ONLY A LARGE COUNTRY COULD MEET BULGARIAN NEEDS. IN THIS REGARD, LUKANOV NOTED THAT HE IS SCHEDULED TO MEET WITH AMERICAN BANKERS TO DISCUSS POSSIBILITIES FOR MORE ACTIVE ROLE IN FIELDS OTHER THAN CREDIT, E.G. FACILITATING CONTACTS AND ARRANGING CONSULTATIONS.

8. BONDHOLDERS SETTLEMENT. GOB IS INTERESTED IN OBTAINING INFORMATION ON VOLUME AND LEGAL JUSTIFICATION FOR BONDHOLDERS CLAIMS. (LUKANOV DID NOT MENTION BONDHOLDERS COUNCIL, WHOM WE ARE NOTIFYING ABOUT THIS EXPRESSION OF INTEREST).

9. VISIT OF DEPUTY PREMIER IVAN POPOV. LUKANOV SAID POPOV WOULD BE GLAD TO SIGN TRADE AGREEMENT HERE, BUT IF LEGISLATIVE DEVELOPMENTS MAKE TRADE AGREEMENT UNLIKELY THIS YEAR, POPOV WOULD PROBABLY WISH TO COME EARLIER, PERHAPS TO "SIGN SCIENTIFIC AND TECHNOLOGICAL COOPERATION AGREEMENT".

10. SECRETARY'S VISIT. WHEN LUKANOV PRESSED FOR INDICATIONS AS TO WHEN SECRETARY COULD ACCEPT FOREIGN MINISTER MLADENOV'S INVITATION TO VISIT SOFIA, UNDER SECRETARY SAID THAT WITH CURRENT TRAVEL IN FAR EAST, VACATION POSSIBILITY, AND UNCERTAINTIES RE FALL SCHEDULE, IT WAS IMPOSSIBLE TO MAKE ANY GUESSES. IN ALL LIKELIHOOD, VISIT COULD ONLY BE MADE ON FAIRLY SHORT NOTICE.

11. EVIDENCE OF BULGARIAN GOODWILL. LUKANOV SAID GOB RECOGNIZES VALIDITY OF ACROSS-THE-BOARD APPROACH TO NORMALIZATION BUT NEVERTHELESS OPPOSES RIGID LINKAGES WHICH COULD BLOCK PROGRESS IN FIELDS WHERE IT IS OTHERWISE POSSIBLE. SAYING THAT THERE HAS BEEN "QUITE A LOT OF IMOVEMENT" IN RELATIONS IN PAST YEAR HE ASSERTED THAT MEETING BETWEEN PRESIDENT ZHIVKOV AND VISITING US SENATORS WOULD HAVE BEEN UNTHINKABLE SEVERAL YEARS EARLIER. THREE OTHER AREAS WHERE GOODWILL AND PROGRESS ARE EVIDENT WERE IN MEETINGS BETWEEN SECRETARY ROGERS AND FONMIN MLADENOV, COOPERATION IN SENSITIVE FIELD OF NARCOTICS CONTROL, AND LIMITED OFFICIAL USE

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ACADEMIC CONTACTS.

12. TRADE BILL PROSPECTS. REPLYING TO LUKANOV, UNDER SECRETARY EXPRESSED VIEW HOUSE MAY HAVE ACTED BY SEPTEMBER, GIVING US AN IDEA WHERE WE ARE HEADED. CURRENT TEMPO OF DEVELOPMENTS INDICATES EARLY NEXT YEAR MIGHT POSSIBLY WORK OUT TO BE PERIOD TO NEGOTIATE TRADE AGREEMENT, ASSUMING LEGISLATION IS PASSED AND SATISFACTORY PROGRESS MADE ON REMAINING ISSUES. RUSH

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